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14 CV 7349

SEP 10 2014

PLAINTIFFS  
WORLDWIDE DIRECTORIES, S.A. DE C.V. and  
IDEAS INTERACTIVAS, S.A. DE C.V.

DEFENDANTS  
YAHOO! INC., YAHOO DE MEXICO, S.A., BAKER & MCKENZIE and BAKER  
& MCKENZIE, S.C.

ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER  
Stone & Magnanini, LLP  
150 John F. Kennedy Parkway, 4th Flr.  
Short Hills, NJ 07078

ATTORNEYS (IF KNOWN)

CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE)  
(DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY)

This is a civil action for fraud, conspiracy, and violations of RICO pursuant to 18 U.S.C. § 1962

Has this action, case, or proceeding, or one essentially the same been previously filed in SDNY at any time? No ☒ Yes ☐ Judge Previously Assigned

If yes, was this case Vol. ☐ Invol. ☐ Dismissed. No ☐ Yes ☐ If yes, give date \_\_\_\_\_ & Case No. \_\_\_\_\_

IS THIS AN INTERNATIONAL ARBITRATION CASE?

No ☒ Yes ☐

(PLACE AN [x] IN ONE BOX ONLY)

### NATURE OF SUIT

#### TORTS

##### CONTRACT

- ☐ 110 INSURANCE
- ☐ 120 MARINE
- ☐ 130 MILLER ACT
- ☐ 140 NEGOTIABLE INSTRUMENT
- ☐ 150 RECOVERY OF OVERPAYMENT & ENFORCEMENT OF JUDGMENT
- ☐ 151 MEDICARE ACT
- ☐ 152 RECOVERY OF DEFAULTED STUDENT LOANS (EXCL VETERANS)
- ☐ 153 RECOVERY OF OVERPAYMENT OF VETERAN'S BENEFITS
- ☐ 160 STOCKHOLDERS SUITS
- ☐ 190 OTHER CONTRACT
- ☐ 195 CONTRACT PRODUCT LIABILITY
- ☐ 196 FRANCHISE

##### PERSONAL INJURY

- ☐ 310 AIRPLANE
- ☐ 315 AIRPLANE PRODUCT LIABILITY
- ☐ 320 ASSAULT, LIBEL & SLANDER
- ☐ 330 FEDERAL EMPLOYERS' LIABILITY
- ☐ 340 MARINE
- ☐ 345 MARINE PRODUCT LIABILITY
- ☐ 350 MOTOR VEHICLE
- ☐ 355 MOTOR VEHICLE PRODUCT LIABILITY
- ☐ 360 OTHER PERSONAL INJURY
- ☐ 362 PERSONAL INJURY - MED MALPRACTICE

##### ACTIONS UNDER STATUTES

- ☐ 440 OTHER CIVIL RIGHTS (Non-Prisoner)
- ☐ 441 VOTING
- ☐ 442 EMPLOYMENT
- ☐ 443 HOUSING/ ACCOMMODATIONS
- ☐ 445 AMERICANS WITH DISABILITIES - EMPLOYMENT
- ☐ 446 AMERICANS WITH DISABILITIES - OTHER
- ☐ 448 EDUCATION

##### PERSONAL INJURY

- ☐ 367 HEALTHCARE/ PHARMACEUTICAL PERSONAL INJURY/PRODUCT LIABILITY
- ☐ 365 PERSONAL INJURY PRODUCT LIABILITY
- ☐ 368 ASBESTOS PERSONAL INJURY PRODUCT LIABILITY

##### PERSONAL PROPERTY

- ☐ 370 OTHER FRAUD
- ☐ 371 TRUTH IN LENDING

##### PRISONER PETITIONS

- ☐ 463 ALIEN DETAINEE
- ☐ 510 MOTIONS TO VACATE SENTENCE 28 USC 2255
- ☐ 530 HABEAS CORPUS
- ☐ 535 DEATH PENALTY
- ☐ 540 MANDAMUS & OTHER

##### PRISONER CIVIL RIGHTS

- ☐ 550 CIVIL RIGHTS
- ☐ 555 PRISON CONDITION
- ☐ 560 CIVIL DETAINEE CONDITIONS OF CONFINEMENT

##### FORFEITURE/PENALTY

- ☐ 625 DRUG RELATED SEIZURE OF PROPERTY 21 USC 881
- ☐ 690 OTHER

##### LABOR

- ☐ 710 FAIR LABOR STANDARDS ACT
- ☐ 720 LABOR/MGMT RELATIONS
- ☐ 751 FAMILY MEDICAL LEAVE ACT (FMLA)
- ☐ 790 OTHER LABOR LITIGATION
- ☐ 791 EMPL RET INC SECURITY ACT

##### IMMIGRATION

- ☐ 462 NATURALIZATION APPLICATION
- ☐ 465 OTHER IMMIGRATION ACTIONS

#### ACTIONS UNDER STATUTES

##### BANKRUPTCY

- ☐ 422 APPEAL 28 USC 158
- ☐ 423 WITHDRAWAL 28 USC 157

##### PROPERTY RIGHTS

- ☐ 820 COPYRIGHTS
- ☐ 830 PATENT
- ☐ 840 TRADEMARK

##### SOCIAL SECURITY

- ☐ 861 HIA (1395ff)
- ☐ 862 BLACK LUNG (923)
- ☐ 863 DIWC/DIWW (405(g))
- ☐ 864 SSID TITLE XVI
- ☐ 865 RSI (405(g))

##### FEDERAL TAX SUITS

- ☐ 870 TAXES (U.S. Plaintiff or Defendant)
- ☐ 871 IRS-THIRD PARTY 26 USC 7609

##### OTHER STATUTES

- ☐ 375 FALSE CLAIMS
- ☐ 400 STATE REAPPORTIONMENT
- ☐ 410 ANTITRUST
- ☐ 430 BANKS & BANKING
- ☐ 450 COMMERCE
- ☐ 460 DEPORTATION
- ☒ 470 RACKETEER INFLUENCED & CORRUPT ORGANIZATION ACT (RICO)
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- ☐ 490 CABLE/SATELLITE TV
- ☐ 850 SECURITIES/ COMMODITIES/ EXCHANGE
- ☐ 890 OTHER STATUTORY ACTIONS
- ☐ 891 AGRICULTURAL ACTS
- ☐ 893 ENVIRONMENTAL MATTERS
- ☐ 895 FREEDOM OF INFORMATION ACT
- ☐ 896 ARBITRATION
- ☐ 899 ADMINISTRATIVE PROCEDURE ACT/REVIEW OR APPEAL OF AGENCY DECISION
- ☐ 950 CONSTITUTIONALITY OF STATE STATUTES

Check if demanded in complaint:

☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DO YOU CLAIM THIS CASE IS RELATED TO A CIVIL CASE NOW PENDING IN S.D.N.Y.? IF SO, STATE:

DEMAND \$ \_\_\_\_\_ OTHER \_\_\_\_\_ JUDGE \_\_\_\_\_ DOCKET NUMBER \_\_\_\_\_

Check YES only if demanded in complaint

JURY DEMAND: ☒ YES ☐ NO

NOTE: You must also submit at the time of filing the Statement of Relatedness form (Form IH-32).

(PLACE AN x IN ONE BOX ONLY)

**ORIGIN**

- ☒ 1 Original Proceeding    ☐ 2 Removed from State Court    ☐ 3 Remanded from Appellate Court    ☐ 4 Reinstated or Reopened    ☐ 5 Transferred from (Specify District)    ☐ 6 Multidistrict Litigation    ☐ 7 Appeal to District Judge from Magistrate Judge Judgment
- ☐ a. all parties represented    ☐ b. At least one party is pro se.

(PLACE AN x IN ONE BOX ONLY)

**BASIS OF JURISDICTION**

**IF DIVERSITY, INDICATE CITIZENSHIP BELOW.**

- ☐ 1 U.S. PLAINTIFF    ☐ 2 U.S. DEFENDANT    ☐ 3 FEDERAL QUESTION (U.S. NOT A PARTY)    ☒ 4 DIVERSITY

**CITIZENSHIP OF PRINCIPAL PARTIES (FOR DIVERSITY CASES ONLY)**

(Place an [X] in one box for Plaintiff and one box for Defendant)

CITIZEN OF THIS STATE	PTF [ ] DEF [ ]	CITIZEN OR SUBJECT OF A FOREIGN COUNTRY	PTF [ ] DEF [ ]	INCORPORATED and PRINCIPAL PLACE OF BUSINESS IN ANOTHER STATE	PTF [ ] DEF [ ]
CITIZEN OF ANOTHER STATE	[ ] 2 [ ] 2	INCORPORATED or PRINCIPAL PLACE OF BUSINESS IN THIS STATE	[ ] 4 [X] 4	FOREIGN NATION	[X] 6 [ ] 6

**PLAINTIFF(S) ADDRESS(ES) AND COUNTY(IES)**

Worldwide Directories, S.A. de C.V., Guanajuato 224, Despacho 105 y 106, Col. Roma, México, DF., México.

Ideas Interactivas, S.A. de C.V., Guanajuato 224, Despacho 105 y 106, Col. Roma, México, DF., México.

**DEFENDANT(S) ADDRESS(ES) AND COUNTY(IES)**

See Attachment A.

**DEFENDANT(S) ADDRESS UNKNOWN**

REPRESENTATION IS HEREBY MADE THAT, AT THIS TIME, I HAVE BEEN UNABLE, WITH REASONABLE DILIGENCE, TO ASCERTAIN RESIDENCE ADDRESSES OF THE FOLLOWING DEFENDANTS:

Check one: THIS ACTION SHOULD BE ASSIGNED TO: ☐ WHITE PLAINS    ☒ MANHATTAN  
(DO NOT check either box if this a PRISONER PETITION/PRISONER CIVIL RIGHTS COMPLAINT.)

DATE 9/10/14    SIGNATURE OF ATTORNEY OF RECORD

*Ruby J. Krajick*

ADMITTED TO PRACTICE IN THIS DISTRICT

[ ] NO  
[X] YES (DATE ADMITTED Mo. 4 Yr. 1999)  
Attorney Bar Code # RM7356

RECEIPT #

Magistrate Judge is to be designated by the Clerk of the Court.

Magistrate Judge MAG. JUDGE PECK is so Designated.

Ruby J. Krajick, Clerk of Court by \_\_\_\_\_ Deputy Clerk, DATED \_\_\_\_\_

UNITED STATES DISTRICT COURT (NEW YORK SOUTHERN)

**ATTACHMENT A**

DEFENDANT(S) ADDRESS(ES) AND COUNTY(IES):

Yahoo Legal Department  
Yahoo! Inc.  
701 First Avenue  
Sunnyvale, California 94089

Yahoo de Mexico, S.A. de C.V.  
Av. Paseo de las Palmas 330  
Piso 2, Col. Lomas de Chapultepec  
Miguel Hidalgo - Ciudad de Mexico  
México, D.F. 11000  
MEXICO

Baker & McKenzie  
452 Fifth Avenue  
New York, New York 10018

Baker & McKenzie, S.C.  
Edificio Scotiabank Inverlat, Piso 12,  
Blvd. M. Avila Camacho 1  
México, D.F. 11009  
MEXICO

**JUDGE BUCHWALD**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

**WORLDWIDE DIRECTORIES, S.A. DE C.V.  
and IDEAS INTERACTIVAS, S.A. DE C.V.,**

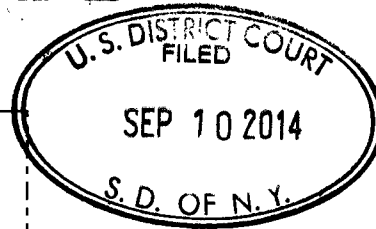
**Plaintiffs,**

**v.**

**YAHOO! INC., YAHOO DE MEXICO, S.A.  
DE C.V., BAKER & MCKENZIE and BAKER  
& MCKENZIE, S.C.,**

**Defendants.**

**14 CV 7349**



**Civil Action No.**

**VERIFIED COMPLAINT**

**JURY TRIAL DEMANDED**

Plaintiffs Worldwide Directories, S.A. de C.V. ("Worldwide") and Ideas Interactivas, S.A. de C.V. ("Interactivas") (collectively as "Plaintiffs"), for their Complaint against defendants Yahoo! Inc. ("Yahoo-US"), Yahoo de Mexico, S.A. de C.V. ("Yahoo-Mexico")<sup>1</sup>, Baker & McKenzie ("Baker"), and Baker & McKenzie, S.C. ("Baker-M")<sup>2</sup> (collectively as "the RICO Defendants") allege for this Verified Complaint with knowledge as to their own acts, and on information and belief as to all other matters, as follows:

**NATURE OF THIS ACTION**

1. This is an action alleging RICO, fraud, conspiracy and other related counts against one of the largest corporations in the United States and one of the largest law firms in the world who combined to form an enterprise associated in fact for the common purpose of perverting the Mexican civil justice system and avoiding billions of dollars of liability resulting from Yahoo's attempted evasion of its valuable agreements with Plaintiffs.

<sup>1</sup> Yahoo-US and Yahoo-Mexico will be referred to individually, or collectively as "Yahoo."

<sup>2</sup> Baker and Baker-M will be referred to individually, or collectively as the "Baker McKenzie Defendants."

2. The U.S. based enterprise is comprised of several American and Mexican entities, as well as several non-parties, and involves a conspiracy hatched in the United States and executed in Mexico. The parties comprising the U.S. based enterprise include co-conspirator RICO Defendants Yahoo-US, Yahoo Mexico, Baker, and Baker-M. These RICO Defendants together colluded to mastermind and carry out a conspiracy to avoid and/or nullify a \$2.7 billion dollar judgment in favor of Plaintiffs and against Defendants Yahoo-US and Yahoo-Mexico that was entered by the Mexican courts. The non-parties comprising the U.S. based enterprise that actively assisted with carrying out the scheme include Dr. Edgar Elias Azar (“Azar”), President of Mexico’s District Federal Superior Courts, and Edgar Raul Rodriguez (“Rodriguez”), a clerk in the Mexico appellate court, and likely several others. This lawsuit is necessary to recover damages and to prevent further perversion of the Mexican judicial system, and direct harm to Plaintiffs.

3. In 2011, Plaintiffs sued Yahoo for Yahoo’s failure to comply with a series of contracts related to Plaintiffs’ exclusive development and distribution of an Internet and print-based yellow pages directory service for Yahoo around the World. To ensure a successful outcome, rather than mount a legitimate legal challenge to the bona fide judgment, Plaintiffs allege that the evidence shows that RICO Defendants conspired to unlawfully obtain a positive judgment through a series of criminal acts, including bribery, money laundering, mail fraud, and wire fraud, among others, in order to corrupt the Mexican judiciary.

4. In 2012, at the conclusion of trial, however, despite Defendants’ efforts, a Mexican court ordered Yahoo to pay \$2.7 billion in damages in connection with the breach of contract lawsuit (the “Yahoo judgment”). During the underlying litigation, Yahoo did not fully disclose to its investors the extent of the potential judgment against Yahoo. Getting the

judgment overturned was imperative if Yahoo would continue to compete in the Internet communication services industry, and not pay a substantial sum to satisfy the judgment. Accordingly, having failed to intimidate and corrupt the trial judge, the RICO Defendants set out to corrupt the appeals process and overturn the judgment.

5. In order to accomplish this common purpose, the RICO Defendants committed repeated acts of obstruction of justice and coercion of judicial officials aimed at pressuring Plaintiffs to drop their suit or accept a settlement that is substantially less than the amount of Yahoo US's exposure, and ultimately to illegally obtain a favorable judgment. The evidence supports a conclusion which Plaintiffs are confident discovery will confirm that this alleged criminal conduct includes, among other acts, bribery in violation of the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. § 78dd-1, et seq., obstruction of justice, extortion in violation of the Hobbs Act, wire fraud, and money laundering.

6. To execute the conspiracy through the imposition of threats and intimidation, the RICO Defendants enlisted the services of Dr. Edgar Elias Azar ("Azar"), Chief Judge of the Mexican Federal District Court, who Plaintiffs have learned is known throughout Mexico for his willingness to influence the disposition of cases in exchange for money. As the ultimate supervisor of the judges involved in making these decisions, Judge Azar had substantial influence over members of the Mexican judiciary.

7. From the very moment that Plaintiff initiated a lawsuit to address Yahoo's multiple contract breaches, and even before the filing of the case during the pre-claim discovery phase, the RICO Defendants conspired to corrupt the judicial process through intimidation and coercion. Specifically, the RICO Defendants sought to use the co-conspirator Judge Azar to intimidate a Mexican district judge into ruling for Yahoo and then, when those efforts failed,

sought to and successfully did corrupt the appellate Mexican judicial system, resulting in a corrupt fraudulent reversal of the lower district court's \$2.7 billion damages award and a reduction of the damages award to \$172,500.

8. At the RICO Defendants' request, Judge Azar improperly injected himself into Plaintiffs' civil case and attempted to intimidate the district court Judge Segu assigned to decide the case to rule in favor of Yahoo despite extensive evidence of Yahoo's liability.

9. In furtherance of this conspiracy, the evidence shows that Defendants Baker & McKenzie improperly conducted *ex parte* meetings with Judge Azar to discuss the implementation of their scheme to corrupt the Yahoo judgment.

10. The Baker & McKenzie Defendants, with the knowledge and approval of the other RICO Defendants, drafted their own, self-serving decisions in favor of Yahoo. The Baker & McKenzie Defendants then delivered the illegal opinions on a memory stick to the district court judge who had already been informed by Judge Azar that the opinion would be delivered by Yahoo's lawyers. Upon delivering the pre-drafted opinions that completely exonerated Yahoo and its attorneys from any liability for improperly filing pleadings and representing Yahoo in the underlying case, the Baker & McKenzie Defendants pressured the district court judge to enter the opinion as crafted by the Baker McKenzie Defendants.

11. Despite Judge Azar's threats and intimidation, and contrary to instructions, Judge Segu, the district court judge, refused to enter the fraudulent decision demanded by Judge Azar. Instead, the judge decided the matter fairly by entering an unbiased judgment in favor of Plaintiffs. Having failed at the district court level, the RICO Defendants immediately set to corrupt and influence the appellate court which would be responsible for reviewing that decision.

12. First, the RICO Defendants sought to have the judgment overturned by asserting that Judge Segu did not have the authority to issue the judgment in the first place. Defendants pursued this frivolous claim although just a few days earlier the same representatives of the RICO Defendants were exhorting Judge Segu to enter a judgment, drafted by them, in their favor. Clearly the issue of Judge Segu's authority only came into question after the RICO Defendants failed to corrupt the him.

13. Next, the RICO Defendants set out to improperly influence the Mexican appellate process. To do so, the RICO Defendants, through the Baker & McKenzie Defendants, caused the Yahoo file to be improperly sent directly to the judges responsible for the appeal before the appellate process had even been initiated. The RICO Defendants then instructed that the file be kept separate from all other files so they could control access to the proof of Yahoo's misconduct.

14. In furtherance of this conspiracy of intimidation and perversion of justice, Plaintiffs have obtained evidence that Judge Azar, at the direction and instruction of the RICO Defendants, met on numerous occasions for several hours with the Chief Judge of the Appellate Courts, intimidating her and ultimately directing her and her panel to reverse the judgment below and enter a corrupted judgment in favor of Yahoo.

15. Indeed, when an attorney for Plaintiffs went to meet with Judge Azar about the status of the appeal before it had even been filed by Yahoo, Judge Azar explained that the other side had "got there before him" and Plaintiffs "cannot win in my court" and had "already been defeated" and there were "too many zeros involved" for his mind to be changed.

16. Plaintiffs' allegations herein about the RICO Defendants' corruption of Judge Azar are not speculative. Plaintiffs' evidence that this fraudulent corrupt judgment was obtained



by Judge Azar's threats and intimidation comes directly from eyewitnesses who personally observed the conspiracy. These eyewitnesses include the original district court Judge Segu who has provided sworn testimony about the intimidation and corruption he suffered at the hands of Judge Azar, and threats of harm to the judge if he failed to comply. These threats caused Judge Segu to temporarily flee his native country for the United States. Judge Segu has provided counsel with the original memory stick containing the illegal opinion exonerating Yahoo and an opinion finding for Yahoo on the underlying merits drafted by Defendants Baker & McKenzie, at the direction of Yahoo. Plaintiffs have the memory stick, and a forensic analysis of this memory stick indicates that it was drafted on a computer/workstation owned by defendant Baker and McKenzie further suggesting this scheme was tied to and originated from the United States.

17. Plaintiffs have also obtained sworn statements from other clerks and employees of the Mexican courts who directly observed the intimidation and corruption by Judge Azar and the RICO Defendants alleged herein.

18. During the course of the RICO Defendants' scheme to overturn the Yahoo judgment, Yahoo-US also sought to mislead U.S. investors, its own shareholders, and the SEC about the impact of the judgment on its earnings by making a series of misstatements and omissions. Initially, even before the court issued a judgment, Yahoo was aware of the substantial risk that it could be liable for substantial damages, but it did not disclose this risk to investors. Then, following the filing of an 8-K, which attached its own press release interpreting and downplaying the judgment after it was issued, Yahoo CFO Ken Goldman told investors on a 2012 fourth-quarter earnings call that Yahoo would not be setting aside any funds to pay the judgment, assuring them that Yahoo expected to prevail on appeal (because of the acts occurring in Mexico.) However, a few months later, on February 28, 2013 Yahoo explained in

its 2013 Annual Report that, while it expected to prevail on appeal, it could have to pay the judgment if, due to the unpredictability of litigation, it lost. In that same SEC Form 10-K, Yahoo also severely downplayed the judgment, assuring investors that it would be overturned because it was entered by a clerk not a judge without authority (the very “clerk” it had encouraged to enter its favorable fraudulent opinions).

19. In neither its fourth-quarter earnings call, nor its Annual Report, did Yahoo disclose its scheme to corrupt the Mexican judiciary and obstruct justice to obtain a favorable outcome.

20. As a direct result of Defendants’ improper corruption of the Mexican judicial system, the appellate court panel chaired by Judge Monica Venegas entered a decision summarily reversing the carefully considered decision entered by the district court judge and reducing the \$2.7 billion damage award to \$172,500 and entering an approximately \$3 million counterclaim judgment on Yahoo’s behalf.

21. The fraudulent conduct described herein and the evidence obtained by Plaintiffs support a conclusion that the RICO Defendants violated the Racketeer Influenced Corrupt Organization Act, 28 U.S.C. § 1962 *et seq.*, with predicate acts of extortion, bribery, mail and wire fraud, money laundering, and obstruction of justice, among others. The RICO Defendants have also committed common law fraud, and civil conspiracy through the commission of the underlying crimes and the resulting expropriation and coercion of justice.

22. Accordingly, Defendants’ fraud and RICO conspiracy directly caused Plaintiffs damage and caused the expenditure of substantial sums of money on investigators, attorneys, and the fees and costs in connection with ongoing litigation in Mexico and this lawsuit to combat this

fraudulently obtained judgment and to prevent Defendants from further corruption of the Mexican judicial system.

23. Plaintiffs, therefore, respectfully demand that this Court grant them injunctive relief and damages to remedy the unconscionable wrong caused by Defendants' improper actions.

## **PARTIES**

### **The Plaintiffs**

24. Plaintiff Worldwide Directories, S.A. de C.V. ("WWD") is a Mexican corporation whose principal place of business is located at Guanajuato 224, Despacho 105 y 106, Col. Roma, México, DF., México. WWD was developed by Sergio Eduardo Guarneros and Carlos Alberto Bazan Canabal in 2002. WWD is a holding company for Ideas Interactivas, S.A. de C.V.

25. Plaintiff Ideas Interactivas, S.A. de C.V. ("Interactivas") is a Mexican corporation with offices in whose principal place of business is located at Guanajuato 224, Despacho 105 y 106, Col. Roma, México, DF., México.

### **The RICO Defendants**

26. Defendant Yahoo! Inc. ("Yahoo-US") is a Delaware corporation. Yahoo-US is a multinational Internet and technology company with offices in New York. Through its United States-based website yahoo.com, Yahoo provides a variety of Internet services, including a search engine that is available internationally.

27. Defendant Yahoo de Mexico, S.A. de C.V. ("Yahoo-Mexico") (collectively with Yahoo-US as "Yahoo Defendants") is a foreign subsidiary of Yahoo. Yahoo-Mexico provides similar or identical services as Yahoo. Yahoo-Mexico's website contains a two-letter country designation, mx.yahoo.com, and yahoo.com.mx, and content in Spanish targeted to Mexican citizens.

28. Plaintiffs are knowledgeable and aware that the Yahoo Defendants share a document repository system, called Rover, which is accessible by all of its international offices, including those in Mexico.

29. Defendant Baker & McKenzie (“Baker-US”) is a US law firm with offices in New York. Baker has five offices in Mexico, including an office in Mexico City.

30. Defendant Baker & McKenzie, S.C. (“Baker-Mexico”) (collectively with Baker-US as “Baker Defendants”) is the Mexico City-based office of Baker.

31. Yahoo-US, Yahoo-Mexico, Baker-US and Baker-Mexico (collectively as “RICO Defendants”) operated as an enterprise that through used intimidation, coercion, and judicial bribery caused a lawfully obtained judgment to be overturned by corrupt co-conspirators.

**The Non-Party Co-Conspirators**

32. Several non-parties were central to the scheme of intimidation and fraud alleged in this Complaint. They include:

- a. Dr. Edgar Elias Azar is a citizen of Mexico and the President of the Federal District Superior Courts in Mexico.
- b. Edgar Raul Rodriguez is a citizen of Mexico and an employee of the Mexican Federal District court.
- c. Laura Pérez Ríos is a Magistrate Judge for the Third Civil Chamber of the Superior Court of Justice in the Federal District
- d. Mónica Venegas Hernández is a Magistrate Judge for the Third Civil Chamber of the Superior Court of Justice in the Federal District

## **JURISDICTION AND VENUE**

33. This Court is vested with subject matter jurisdiction over Plaintiffs' claims under 28 U.S.C. 1331. Plaintiffs allege that Defendants violated 18 U.S.C. §§ 1961, *et seq.*

34. This Court has supplemental jurisdiction over Plaintiffs' remaining claims under 28 U.S.C. § 1367.

35. This Court has personal jurisdiction over Defendants because they reside, maintain offices, or conduct substantial business in this District, and/or engaged in a substantial portion of the challenged conduct in this District.

36. Venue is proper in this District under 28 U.S.C. § 1391 and 15 USC § 22 because the Yahoo Defendants and the Baker Defendants transact significant business through their offices in this district.

## **ALLEGATIONS**

### **Yahoo US Recruited and Hired Plaintiffs to Develop Business for Yahoo-Mexico**

37. In 1999, Yahoo-US recruited Carlos Alberto Bazan-Canabal ("Bazan") to develop Yahoo-Mexico's production and Enterprise solutions groups and to launch Yahoo-Mexico's website. Mr. Bazan reported directly to individuals at Yahoo-US, including Mark Inkster, Vice President of Search and Director of International Operations (California), Heather Killen, Senior Vice President, International Operations (California), Roberto Alonso, General Manager of Yahoo-Mexico and Vice President of Yahoo Americas (Miami), and Jeffrey Pedigo, Director of Sales Engineering (Atlanta).

38. Mr. Bazan worked for Yahoo-Mexico from 1999 until 2003, and during that time he became familiar with Yahoo-US's and Yahoo-Mexico's operations in Latin America, Europe, and in the US.

39. In fact, he created Yahoo!'s Enterprise Solutions division and its production group in Mexico by working closely with Yahoo-US's management team. Indeed, everything Mr. Bazan did for the company had to be sanctioned and was monitored by the Yahoo-US. In fact, on two occasions, Mr. Bazan had two projects immediately shut down by Yahoo-US after Yahoo-US determined that the work was inconsistent with its own business strategy.

40. In 1999, Yahoo-US brought a lawsuit in Mexico to prohibit a Mexican entity from using its domain name. Before Yahoo-US could register the domain name, the Mexican entity registered the name yahoo.com.mx. Because there was risk that Yahoo-US might not succeed in its lawsuit to regain the domain name, Yahoo-US's Vice President and Deputy General Counsel, Michael Samway, based in Coral Gables, Florida, instructed Mr. Bazan to call and inform the head of NIC Mexico, Oscar Robles, and threaten to bring criminal charges against him if he did not agree to transfer yahoo.com.mx to Yahoo. Samway also instructed Mr. Bazan to tell Robles that Yahoo would pay his attorneys fees if Robles was sued for transferring the yahoo.com.mx domain name to Yahoo while the issue was in litigation. Yahoo-US required that Mr. Bazan get authorization from Yahoo-US legal director Michael Samway or its General Counsel Greg Wren. On numerous occasions, Mr. Samway instructed Mr. Bazan to ignore potential criminal liability with respect to his conduct overseas involving Yahoo business dealings, and assured him that Yahoo-US would get him out of trouble if necessary.

41. Mr. Bazan also handled Yahoo-Mexico's communications with the media which had to be consistent with Yahoo-US's message and policies in all respects. To ensure this consistency, Yahoo-US trained Mr. Bazan on its communications strategies in the United States.

42. In addition, between 2001-2003, Yahoo-US pressured Yahoo- Mexico to show profits and positive cash flow. Due to Yahoo-US's pressure, Yahoo-Mexico prematurely booked

a sale of a software portal to a Mexican university in 2002, which resulted in an overstatement of Yahoo's revenues.

43. On numerous occasions, Mr. Bazan met with and was told by Yahoo-US's upper management to take certain and specific actions in Mexico for Yahoo's international lines of business. Mr. Bazan even met with Yahoo founders David Filo and Jerry Yang on occasion to discuss Yahoo-Mexico business strategies. Mr. Bazan was also responsible, along with Yahoo-Mexico's marketing director, for organizing Jerry Yang's Mexico roadshows.

44. As indicated by these and many other similar incidents, Yahoo-Mexico undertook no significant business actions without prior approval by Yahoo-US. The Mexican division of the company was under the complete control of its American parent.

45. Indeed, Plaintiffs routinely communicated with officers, directors, and employees of Yahoo-US and Yahoo Mexico through electronic mail who regularly instructed and advised them on operational matters in Mexico.

46. Around this same time, in 2002, Sergio Eduardo Guarneros, founded Interactivas and later on, WWD. WWD became a holding company for Interactivas, the operating company, and all other companies created by Guarneros to carry out Yahoo business around the world.

**Yahoo-US and Yahoo-Mexico Developed a Business Relationship with Plaintiffs To Develop Telephone Directories Under the Yahoo Name Throughout the World**

47. In early 2002, Yahoo and Interactivas began preliminary discussions about collaborating on a business venture in which Interactivas would develop, manufacture and distribute telephone directories in Mexico, among other places, and provide digital directories under the Yahoo name and its international website.

48. On or about April 25, 2002, Yahoo-Mexico and Interactivas entered into a Mutual Non-Disclosure Agreement for the purpose of developing this business relationship through the

exchange of confidential and proprietary information. According to the Agreement, all notices, requests and other communications were required to be sent to Mr. Samway.

49. Throughout 2002, discussions between Yahoo and Interactivas advanced to expanding telecommunication services outside Mexico and into other countries around the world.

50. As evidence of the parties' ongoing and developing business relationship, they entered into multiple agreements over the course of more than two years. For example:

- a. On or about September 10, 2002, Yahoo-M and Interactivas entered into an agreement for the purpose of collaborating on building and marketing a product called "Yahoo! Paginas Utiles" (Yahoo! Useful Pages). Under this agreement, Yahoo! granted Interactivas/WWD a license to use and market its universally known trademark.
- b. On or about August 1, 2003, Yahoo-US and Interactivas entered into a Mutual Non-Disclosure Agreement. Fernando Ramirez, Yahoo! Mexico's General Manager based in Mexico City, signed the Agreement on behalf of Yahoo-US.
- c. On or about December 29, 2003, Yahoo-M and Interactivas enter into a Letter of Intent ("LOI") confirming their understanding about developing an Internet-based yellow pages directory service for distribution throughout Latin America. According to the LOI, Yahoo-M and Interactivas would introduce this co-branded product, called "Yahoo! Paginas Amarillas," in Costa Rica, the Dominican Republic and Panama.
- d. On or about October 15, 2004, Yahoo-US and WWD entered into a License, Services and Promotions Agreement ("LSPA") pursuant to which WWD



granted Yahoo-US a license to use, distribute and promote content from “Yahoo! Paginas Amarillas,” and Yahoo-US granted WWD the right to use, distribute and promote Yahoo! Brand features.

- e. On or about November 16, 2004, Yahoo-US and WWD amended the LSPA. Jose Rivera Font, a Yahoo! Inc. General Manager, executed the amendment on behalf of Yahoo-US.

51. During this time, Interactivas/WWD relied on Yahoo-US’s promises to develop the business venture. Mr. Bazan incorporated WWD in Puerto Rico, hired numerous individuals, met with potential business parties in multiple countries to create a network of business affiliates, and spent large sums of money to evaluate the new company in order to gather funding for the joint project.

52. Yahoo fully participated in Mr. Bazan’s efforts to create a new company and to develop a multi-national business. In fact, Yahoo knew that Interactivas/WWD was dedicating nearly all of its resources to the project in reliance upon Yahoo’s promises of support for its development.

53. For example, Yahoo-US was aware and encouraged Interactivas/WWD to spend hundreds of thousands of dollars to hire Lehman Brothers in 2005 to value the new company, which it estimated to be worth several hundred million dollars based on projected growth and in business, in part, due to the Yahoo venture.

54. Throughout 2005, expansion of the relationship and the business venture continued when Yahoo and WWD modified their prior agreements and agreed to expand services beyond Latin America.

### **Plaintiffs Bring A Lawsuit in Mexico for Yahoo's Systematic Breach of their Agreements**

55. Yahoo acted in accordance with the negotiated terms of the agreements until July 2003 when it purchased a competitor company, Overture Services, Inc. ("Overture") for \$1.63 billion.

56. Like Interactivas/WWD, Overture provided local search and pay-for-performance search services. Thus, Yahoo no longer required the services of Interactivas/WWD, and despite their agreements t, Yahoo began to systematically breach the relationship by pressuring regional offices to sever established ties with Interactivas/WWD.

57. Ultimately, Yahoo-US prevented Interactivas/WWD from entering into business relationships with *any* international Yahoo affiliate office despite its written agreements to do so, thereby destroying Interactivas/WWD's chances to maximize its potential business opportunities.

58. On November 16, 2011, Interactivas/WWD filed suit against Yahoo de Mexico, S.A. de C.V., Yahoo, Inc., Yahoo! International Subsidiaries, Inc., and Yahoo Hispanic Americas, LLC in the 49<sup>th</sup> Civil Court of Mexico for breach of contract, breach of promise, and lost profits.

59. The case was assigned to Judge Jorge Luis Ramirez from the filing desk.

60. Judge Segu had been employed by the Superior Court of Justice of Mexico City for approximately nineteen years, holding various positions, and in due course became the Secretary of Agreements of the 49<sup>th</sup> Civil Court.

61. In the Mexican court system, the Secretary of Agreements is an attorney at law, akin to a Special Master, who generally conducts evidentiary hearings and attests that the evidentiary hearings have been held.

62. In accordance with the Mexican legal system, Judge Segu was the primary contact with counsel for Yahoo and WWD. He attended all meetings with counsel for the parties, and he was responsible for handling and adjudicating discovery issues.

63. Over the course of the proceeding over nearly a year, Judge Segu had gained intimate knowledge of the facts and issues of the WWD/Yahoo matter. In fact, because he handled the case on a daily basis, he likely had the most knowledge of anyone within the 49<sup>th</sup> District of the case in his capacity of Secretary of Agreements, and even more so than Judge Sanchez.

64. Unlike litigation in the United States, discovery in the Mexican judicial system is handled much more actively by the courts. They help narrow the legal and factual issues, select witnesses and gather evidence. Often Judges use their law clerks to oversee many of the hearings and depositions in the case. Thus, Judge Segu who was the clerk responsible for overseeing discovery in the case was in the best position to be familiar with all of the facts and to determine a fair, well-reasoned outcome.

65. There are similarities between the U.S. and Mexican legal systems. For instance, both are based on a three-tier system. The district courts (Juzgados de Distrito) and jury courts (Jurados Populares Federales) are courts of first instance. The appellate level courts (Tribunales de Circuito) are divided into single judge courts (Tribunales Unitarios de Circuito) and collegiate courts (Tribunales Colegiados de Circuito). The Supreme Court (Suprema Corte de Justicia de la Nacion) has final appellate jurisdiction over all state and federal courts.

66. District court judges and circuit court judges are appointed by the Supreme Court to 4-year terms and may be reappointed or promoted to a higher position at the end of the term, but they may only be dismissed for bad conduct.

67. Mexico's legal system stems from the civil law tradition. Mexican courts look to treatises written by prominent scholars in the same way that courts in the United States rely upon prior caselaw. The doctrine of *stare decisis* does not exist in Mexico in a form similar to the United States.

68. On or about November 15, 2012, Judge Segu was designated by operation of law as a court judge of law for the 49<sup>th</sup> Civil Court of the Federal District of Mexico covering the absence of Judge Jorge Luis Ramirez Sanchez, who was named as a Judge of a Court of Oral Process. Judge Segu's appointment was made in accordance with Mexican law.

**The RICO Defendants Conspire to Avoid and Conceal Liability for their Breach Through a Series of Criminal Acts**

69. Yahoo did not oppose or question Judge Segu's appointment at that time. In fact, Yahoo continued to participate in the Mexican litigation without hesitation or any expressed concern about Judge Segu's role as the judge in the case. Indeed, neither Yahoo nor its attorneys made any affirmative statements about their desire to have the case decided by someone other than Judge Segu. Instead, Yahoo accepted the designation of Judge Segu, and began taking steps to target him for intimidation and coercion in order to obtain a favorable judgment.

70. On or about November 26, 2012, Plaintiffs are informed that the representatives of the Baker & McKenzie Defendants, met with Judge Azar on behalf of Yahoo to elicit his aid by unlawfully injecting himself into the WWD/Yahoo judicial proceedings. At that time, Judge Azar agreed to apply pressure on the judges deciding the matter in order to obtain a favorable result for the RICO Defendants. The evidence and sworn statements obtained by Plaintiffs strongly suggest that Defendants offered and paid Judge Azar monetary enhancements in violation of the FCPA, to execute the scheme on their behalf.

71. Judge Azar's willingness to compromise his integrity and the integrity of the Mexican civil judicial system was known at the time of this meeting. Plaintiffs had been advised by various members of the Mexican judicial system that Judge Azar was known to solicit payments to control the outcome of cases pending in "his courts". Indeed, Judge Azar has been publicly accused of similar conduct on several occasions.

72. For instance, a twenty-year veteran of the Mexican federal judiciary, Montes de Oca, accused Azar of pressuring judges to decide cases for his own financial benefit. In response, Judge Azar threatened his life and ordered Judge Oca's arrest, which forced Judge Oca to flee to the United States to request political asylum.

73. On or about November 26, 2012, shortly after his meeting with the RICO Defendants, Judge Azar, at the direction of the RICO Defendants, summoned Judge Segu to his office for a meeting. Judge Azar told Judge Segu that "Yahoo could not lose" and ordered him to rule in favor of Yahoo.

74. Judge Azar further told Judge Segu that Yahoo's attorneys would make it easy for Judge Segu by providing him with a memory stick computer drive which contained the draft of the final decision he was to enter.

75. To ensure that Judge Segu followed his instructions, Judge Azar also instructed him to deliver a draft of the final decision to Judge Azar before entering the ruling.

76. Troubled by Judge Azar's inappropriate, and potentially illegal instructions, Judge Segu told him that he had not yet decided the outcome of the lawsuit, to which Judge Azar stated that "Yahoo cannot lose, can you imagine the international scandal that would mean?" Judge Azar was unquestionably in the pocket of the RICO Defendants. As Judge Segu left Judge Azar's office, he advised Judge Segu not to discuss their conversation with anyone.

77. Immediately after Judge Segu left Judge Azar's office, the Baker-M lawyers representing Yahoo, who Judge Segu believes were listening to his conversation with Judge Azar, accosted Judge Segu and told him that their paralegal would deliver a memory stick with a draft decision on the following day. Their comments confirmed that Judge Azar had been acting under the knowledge and authority of the RICO Defendants.

78. True to their promise, the RICO Defendants delivered a USB drive that contained a judgment the next day. The draft decision provided by Yahoo and its Baker lawyers not only excused Plaintiffs of intentionally breaching the parties' agreements, it also completely absolved Yahoo of various misconduct and procedural fraud that had occurred throughout the litigation because Yahoo's powers of attorney were never properly constituted to represent them in Mexico.

79. According to Judge Segu, in his opinion, much of the RICO Defendants' draft decision was entirely outside of the factual record. Plaintiffs have obtained this memory stick and engaged a respected forensic expert to analyze it. This analysis appears to confirm that metadata in the documents shows that they were revised and possibly drafted on computers owned by Baker and McKenzie U.S. This analysis also reveals that the names of the attorneys representing Yahoo Inc. (a United States entity) in the case in Mexico appear prominently in the data on more than one occasion.

80. Upon returning to his office, Judge Segu, troubled by Judge Azar's statements, contacted a mentor and colleague, Judge Ramirez, and explained the unlawful series of events that had unfolded in Judge Azar's chambers. Judge Segu expressed his concerns about Yahoo's and Baker's clear attempts to obstruct justice and to avoid the financial consequences of its breaches of agreements with Plaintiffs.

81. Judge Ramirez advised Judge Segu to decide the issues in accordance with the law and based on Judge Segu's evaluation of the facts.

82. Taking this advice, Judge Segu immediately began carefully dictating his decision. He considered all of the materials and testimony in the case, evaluated the facts and law on each side of the case, and drafted a carefully considered and reasoned opinion.

83. On November 29, 2012, ignoring Judge Azar's direction and the demands of the RICO Defendants, Judge Segu published his own opinion and order, based on consideration of the facts and the law, evidence, and forensic expert reports, which granted judgment in favor of WWD and awarded WWD \$2.7 billion in damages.

84. After publishing his opinion, two of Yahoo's attorneys, Alfonso Cesar Cortez Fernandez and Sergio Rodriguez Labastida, met Judge Segu and told him of their relationship with Judge Azar in order to intimidate him, implying that this close relationship with Judge Azar should have signaled to Judge Segu that it was in his professional interest to side with Yahoo in the litigation. They explicitly threatened Judge Segu for having disobeyed Judge Azar.

**Plaintiffs Learn that Defendants Have Caused Judge Azar To Improperly Influence the Appeal**

85. Unaware of the conspiratorial acts being taken by the RICO Defendants, Plaintiffs prepared for the possibility of an appeal.

86. At or around the same time that Plaintiffs were preparing for a potential appeal, and immediately after Judge Segu's decision was issued, Judge Azar and the RICO Defendants began taking calculated steps to ensure that the judgment would be reversed on appeal.

87. The pervasive corruption of Mexico's judicial system has been well documented over the last several years, and bribery of judicial officials has become "business as usual" in the course of litigation in Mexico. The vulnerability of judges to financial incentives to effect

outcomes of civil litigation is well-known, and was unquestionably known and exploited by the RICO Defendants to perpetrate a fraud on Plaintiffs and the public. Having failed to pervert the system on their first attempt, the RICO Defendants began colluding to coerce the judiciary to overturn Segu's judgment. Plaintiffs learned of these attempts from an attorney they asked to pursue the appeal.

88. One of the attorneys for Interactivas/WWD contacted a lawyer specializing in appeals, Luis Jesus Bernardo Guterrez, to develop a strategy for defending the judgment against Yahoo.

89. Mr. Guterrez contacted Azar to set up a meeting to discuss whether the RICO Defendants would appeal the case. Mr. Guterrez met Azar on or about November 30, 2012.

90. On or about December 4, 2012, Mr. Guterrez told Plaintiffs and their attorneys the following summary of his conversation with Azar which contained a direct reference that Defendants had offered and paid Azar money to reverse the Segu judgment and obtain a judgment in their favor. Upon learning that Guterrez intended to represent Plaintiffs, Azar told Guterrez "You've already been defeated, the other side [Yahoo] has already been here. Don't get involved ... there are too many zeros involved. If you want to fight this at the Federal Level ... I wish you good luck, but in my Court you are not going to win." Guterrez further informed Plaintiffs that he had seen Yahoo's lawyers meeting with Azar on December 3, 2012.

#### **The RICO Defendants Succeed in Causing the Reversal of Segu's Judgment**

91. On or about December 12, 2012, Yahoo-Mexico filed an appeal, and the following day Yahoo-US filed an appeal.

92. During this time, the RICO Defendants continued to meet with Azar and continued to threaten and intimidate Judge Segu.



93. For example, in a sworn affidavit Judge Segu stated that he was called into a meeting with Judge Tomas Cisneros Curiel, another federal judge in the 49<sup>th</sup> Federal District. Judge Curiel said that Azar was “very angry” with Judge Segu’s decision and for not following his instruction to enter judgment in Yahoo’s favor.

94. Additionally, a lawyer for Yahoo, Javier Quijano Baz, harassed Judge Segu about the judgment in open court. Shortly thereafter, on January 17, 2013, Yahoo filed a complaint against Judge Segu for rendering his decision. The complaint was meant solely to harass and intimidate Judge Segu, as Yahoo was fully aware that he had been granted the authority to render the judgment and it never contested his appointment until after a negative judgment had been entered.

95. Indeed, Yahoo’s complaint that Segu was not authorized to render this \$2.7 billion judgment was rejected by the Third Civil Chamber of the Superior Court of Justice in the Federal District. The Judicial Council found only minor procedural flaws concerning the timing but not the substance of the final judgment relative to date of the sentencing of the case.

96. Azar’s first order of business to overturn Segu’s judgment, under the direction of the RICO Defendants, was to obtain the case file and keep it under a watchful eye. He directed a court employee, Edgar Raul Rodriguez, to take the trial court record to his house.

97. Once he had the case file, Azar began contacting the judges who would preside over Yahoo’s appeal.

98. According to a sworn affidavit in Plaintiffs’ possession, Judge Monica Venegas met Azar in April 2013 to discuss how the appellate decision should be rendered.

99. Judge Venegas told people in her staff that Azar said she had to completely invalidate the Yahoo decision rendered by Judge Segu. Azar then met Judge Venegas on several occasions and pressured Judge Venegas to issue a decision reversing Judge Segu.

100. Many other court employees also observed these meetings between Azar and Venegas.

101. In an attempt to hide Edgar Elias Azar's and the RICO defendant's wrongdoings, on or around December 5<sup>th</sup> and 6<sup>th</sup>, 2013, an unlawful deposition of court clerks and staff took place inside the offices of the Superior Court of Justice of Mexico's Federal District in Rio de la Plata street, number 48, Mexico City. Such deposition was ordered by Edgar Elias Azar and conducted by the Mexico City office of the Attorney General. On that deposition, several sworn employees had declared that they did have knowledge of the Yahoo! case, that they knew Edgar Elias Azar and that they've seen him on Judge Venegas chambers. The employees and clerks that were deposed were Florencia del Carmen Hernandez, Maria de Jesus Barbara Hernandez, Raymundo de la Rosa, Elsa Saldivar Cruz, David Canchola Anguiano, Carmen Roque, Maria de los Angeles Alvarez, Jose Arrastio, Edgar Raul Rodriguez Amante, Joel Hidalgo Everardo, Oscar Tomas Sanchez Rodriguez, Angelica Varela Robles, and Patricia Severin Barrios. The deposed witnesses were not allowed any legal representation, or was there any lawful reason for them to be deposed, thus violating their human and constitutional rights.

102. The court file obtained by Edgar Raul Rodriguez was "irregularly manipulated to be restricted only for the eyes of Judge Monica Venegas and whoever she allowed." Indeed, Azar was overheard to refer to the appeals tribunal as "his tribunal."

103. In July 2013 Edgar Raul Rodriguez, the employee who was directed by Azar to obtain the case file, took his family on a European vacation that on information and belief he

could not afford unless he received money from a third party, presumably Azar or one of the RICO Defendants.

104. The appellate court issued a decision that overturned Judge Segu's opinion. In stark difference to Judge Segu's opinion, the appellate court's decision had minimal legal analysis and was almost entirely comprised of a cut and paste of documents in the case, the complaint and the trial court decision. Evidence of the apparent slipshod nature of the decision is the fact that the font constantly changes throughout the decision as if different documents have been electronically copied into the document.

105. The appellate court did not find that Judge Segu was improperly appointed.

106. In sum, the RICO Defendants bribery, coercion, violation of several U.S. laws, and fraud made a sham out of the judicial system. As a result of these predicate acts, that included extortion, money laundering, mail fraud, wire fraud, and corruption of justice, all at the direction and control of Yahoo-US in the United States by and through a United States law firm and its Mexican counterpart, the RICO Defendants violated civil RICO and caused substantial damage to Plaintiffs.

#### **Yahoo-US Covered Up the Bribery and its Liability To Investors**

107. Following the initial judgment from the lower court, Yahoo-US made a series of misstatements and omissions to investors in order to disguise the extent of its liability and the commission of illegal conduct in Mexico.

108. Initially, following the judgment, on November 30, 2012, Yahoo-US issued an SEC Form 8-K, attaching its own press release describing the outcome of the lawsuit. Yahoo-US did not disclose, however, that it had ineffectively attempted to improperly obtain a favorable outcome in that case through threats and intimidation and possibly offers of bribes to judicial officers.

109. Yahoo-US then held a fourth-quarter earnings call with its Chief Financial Officer Ken Goldman on January 28, 2013, at which it downplayed the judgment again and disclosed to investors that it did not expect to pay any money as a result of the judgment and therefore, would not make any accruals for the payment of the judgment or for settlement purposes. It again did not disclose either that it had attempted to coerce the lower court judge for a favorable judgment, or that it was in the process of doing the same during the appellate process.

110. On March 1, 2013, Yahoo-US issued its SEC Form 10-K in which it disclosed again the existence of the judgment, but continued to downplay its significance. Yahoo-US again rebuked the merits of the judgment, and insisted that it would be successful on appeal.

111. In this Annual Report, Yahoo-US misleadingly explained to investors that the judge that decided the case did not have authority to do so. Yet, as detailed above, Yahoo-US had insisted, through its lawyers and Azar, that that same judge, under his authority to enter judgments, enter a decision in its favor that they had drafted.

112. Yahoo-US also downplayed the merits of the suit labeling their obligations under the agreements “non-binding” and stating that “no definitive agreements” existed between the parties despite acting in accordance with those agreements for several years before it breached.

113. Finally, Yahoo-US again disclosed that it did not make any accruals for the judgment, but also that if it became apparent that it would have to pay any or part of the judgment, such an amount would be material, and it would thus make an accrual for purposes of making the payment. Yahoo-US did not disclose its improper conduct with respect to the initial judgment, nor did it disclose its ongoing attempts to pervert the appellate process with the other RICO Defendants.

114. As a result of the fraudulent judgment obtained through the RICO Defendants' misconduct, Plaintiffs have suffered substantial damages including but not limited to the expenses spent on investigators, attorneys and experts to uncover Defendants' fraud and on attorneys in the United States and Mexico to pursue remedies to correct the improper fraudulent judgment.

### **CAUSES OF ACTION**

#### **FIRST CLAIM FOR RELIEF (Violations of RICO (18 U.S.C. § 1962(c)) (Against All RICO Defendants)**

115. Plaintiffs re-allege and incorporate herein by reference each and every foregoing paragraph of this Complaint as if set forth in full.

116. At all relevant times, Plaintiffs and each defendant and co-conspirator is a "person" within the meaning of 18 U.S.C. § 1961(3) and § 1962(c).

117. The RICO Defendants and their co-conspirators are a group of persons associated together for the common purpose of carrying out the ongoing criminal enterprise described in this Complaint. This conspiracy principally involved the making of illicit payments to Judge Azar and other high-level judicial officials in exchange for ensuring that a \$2.7 billion judgment would be overturned. Defendants and their co-conspirators thus constitute an association-in-fact enterprise under 18 U.S.C. § 1961(4) and § 1962(c).

118. The RICO Defendants and their co-conspirators have been part of this enterprise and have carried out this conspiracy since before Judge Segu entered a judgment in favor of Plaintiffs. Throughout this time, their conspiracy and enterprise was engaged in, and its activities affected by, interstate and foreign commerce, within the meaning of 18 U.S.C. § 1962(c).

119. The RICO Defendants and their co-conspirators participated in the conspiratorial conduct through a “pattern of racketeering activity” within the meaning of 18 U.S.C. § 1961(5) and in violation of 18 U.S.C. § 1962(c).

120. In particular, at all times material to this Complaint, Plaintiffs were engaged in interstate and foreign commerce and in an industry that affects interstate and foreign commerce.

121. As described in this Complaint, the RICO Defendants engaged in a wide-ranging campaign of intimidating, pressuring, threatening conduct intended to strike fear in Judge Segu and in Plaintiffs in order to obtain a favorable judgment for Yahoo.

122. As described in this Complaint, the RICO Defendants conspired with Azar to overturn Judge Segu’s final judgment in favor of Plaintiffs. This included illicit payments to Azar and possibly other Mexican judicial officials to ensure that the RICO Defendants received favorable treatment in the outcome of their appeal.

123. At all times material to this Complaint, the RICO Defendants’ conduct and their co-conspirators engaged in “racketeering activity” within the meaning of 18 U.S.C. 1961(1) by engaging in the acts set forth herein. These acts constitute two or more violations of 15 U.S.C. § 78dd (Foreign Corrupt Practices Act); 18 U.S.C. § 1952 (Travel Act); 18 U.S.C. § 1951 (Hobbs Act); 18 U.S.C. § 1343 (wire fraud); and 18 U.S.C. § 1341 (mail fraud). Under New York law, the acts set forth herein also constitute extortion under §§ 110.00, 115.05(2)(E) and 155.42 of the New York Penal Law which also constitutes racketeering activity within the meaning of 18 U.S.C. § 1961(1).

124. The RICO Defendants violated the Foreign Corrupt Practices Act through their scheme to bribe Azar and key Mexican judicial officials to ensure they would receive a favorable outcome in the appeal of Judge Segu’s decision.

125. The RICO Defendants violated the Travel Act through their bribery and extortionate activity as detailed herein.

126. The RICO Defendants violated the Hobbs Act by through their bribery and extortionate activity as detailed herein.

127. The RICO Defendants carried out this illegal conduct through repeated use of regular mail, electronic mail, faxes, wire transfers, and the telephone to communicate with each other, their co-conspirators, and Mexican judicial officials. All of these communications were part and parcel of the RICO Defendants' scheme to illicit a favorable outcome in the Mexican court system.

128. Each of the RICO Defendants committed and/or aided and abetted the commission of two or more of these acts of racketeering activity.

129. These acts of racketeering activity constituted a "pattern of racketeering activity" within the meaning of 18 U.S.C. § 1961(5). These acts were related by virtue of common participants, common victims, a common method of commission, and the common purpose and result of overturning Judge Segu's decision by improperly influence over the Mexican court system.

130. As a result of the RICO Defendants' RICO Act violations, Plaintiffs have been injured by its loss of a rightfully obtained judicial award, and from the substantial costs they incurred in preparing a defense to the appeal in Mexico and prosecuting this action.

WHEREFORE, Plaintiffs pray for judgment as set forth below.

**SECOND CLAIM FOR RELIEF**  
**(Conspiracy to Violate RICO (18 USC 1962(d))**  
**(Against All RICO Defendants)**

131. Plaintiffs re-allege and incorporate herein by reference each and every foregoing paragraph of this Complaint as if set forth in full.

132. The RICO Defendants have unlawfully, knowingly and willfully combined, conspired, confederated and agreed together and with others to violate 18 U.S.C. § 1962(c) as described above, in violation of 18 U.S.C. § 1962(d).

133. Upon information and belief, the RICO Defendants knew that they were engaged in a conspiracy to commit the predicate acts, and they knew that the predicate acts were part of such racketeering activity, and the participation and agreement of each of them was necessary to allow the commission of this pattern of racketeering activity. This conduct constitutes a conspiracy to violate 18 U.S.C. § 1962(c), in violation of 18 U.S.C. § 1962(d).

134. As set forth herein, the RICO Defendants and their co-conspirators have since 2011 been associated with the enterprise to secure through bribery and other improper influence over the Mexican judiciary a favorable judgment for Yahoo. Upon information and belief, the RICO Defendants agreed to conduct or participate, directly or indirectly, in the conduct, management, or operation of the enterprises' affairs through a pattern of racketeering activity in violation of 18 U.S.C. § 1962(c).

135. As a direct and proximate result of the RICO Defendants' conspiracy to violate the RICO Act, Plaintiffs have been injured by its loss of a rightfully obtained judicial award, and from the substantial costs they incurred in preparing a defense to the appeal in Mexico and prosecuting this action.

WHEREFORE, Plaintiffs pray for judgment as set forth below.

**THIRD CLAIM FOR RELIEF**  
**Fraud**  
**(Against All RICO Defendants)**

136. Plaintiffs re-allege and incorporate herein by reference each and every foregoing paragraph of this Complaint as if set forth in full.



137. The RICO Defendants and their agents have knowingly misrepresented, omitted, and/or concealed material facts in their pleadings and representations before the Mexican courts, and in their communications to U.S. Government officials. Each and every RICO Defendant has personally engaged in this conduct, or knew or should have known that other Defendants were engaged in it. These false representations are detailed throughout this Complaint.

138. The RICO Defendants made these false representations while knowing that their misrepresentations were materially false and/or that their omissions were material.

139. The RICO Defendants further made these misrepresentations and/or omissions with the intent of obtaining favorable rulings from the Mexican courts and pressuring Mexican officials to rule against Plaintiffs.

140. These material misrepresentations and/or omissions have been reasonably and justifiably relied upon by Plaintiffs and Mexican judicial officials.

141. As a direct, proximate, and foreseeable result of the RICO Defendants' fraud, Plaintiffs have been injured by its loss of a rightfully obtained judicial award, and from the substantial costs they incurred in preparing a defense to the appeal in Mexico and prosecuting this action.

WHEREFORE, Plaintiffs pray for judgment as set forth below.

**FOURTH CLAIM FOR RELIEF**  
**Civil Conspiracy**  
**(Against All RICO Defendants)**

142. Plaintiffs re-allege and incorporate herein by reference each and every foregoing paragraph of this Complaint as if set forth in full.

143. As set forth above, the RICO Defendants have committed torts against Plaintiffs, including acts of racketeering giving rise to violations of RICO and fraud.

144. The RICO Defendants agreed to participate in a common scheme against Plaintiffs. They intentionally participated in the furtherance of a plan or purpose to obtain property from Plaintiffs, including specifically certain proprietary information and technology. In furtherance of this plan or purpose, the RICO Defendants committed overt and unlawful acts, including acts of racketeering as alleged herein.

145. As a direct and proximate result of the RICO Defendants' conspiracy, the over acts committed in furtherance of that conspiracy, and the rots committed against Plaintiffs, Plaintiffs have been damaged in their business and property.

146. The RICO Defendants have engaged in the malicious, willful, and fraudulent commission of wrongful acts and, because of the reprehensible and outrageous nature of these acts, Plaintiffs are entitled to, and should be awarded, punitive damages against each of the Defendants.

WHEREFORE, Plaintiffs pray for judgment as set forth below.

#### **PRAYER FOR RELIEF**

A. That the Court declare, adjudge, and decree that Defendants have committed the violations of federal and state law alleged herein;

B. That the Court award general damages according to proof at trial, trebled according to statute, 18 U.S.C. § 1964(c);

C. That the Court award prejudgment interest according to statute;

D. That the Court award Plaintiffs' reasonable attorneys' fees and costs according to statutes 18 U.S.C. § 1964(c);

E. That Defendants, their directors, officers, employees, agents, successors, and assigns be permanently enjoined and restrained from, in any manner, directly or indirectly,

engaging in any unlawful means to secure any judgment in the Mexican court system, or elsewhere;

F. That the Court award damages to Plaintiffs from Defendants' violations of state and federal laws in an amount to be proven at trial, plus interest; and

G. That the Court award Plaintiffs attorneys' fees and costs of suit, and other such legal and equitable relief as the Court may deem Plaintiffs to be entitled to receive.

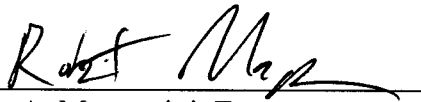
### **DEMAND FOR JURY TRIAL**

Plaintiffs demand a trial by jury of all issues in this action triable by jury.

Dated: September 10, 2014

Respectfully submitted,

STONE & MAGNANINI LLP

By:   
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*Attorneys for Plaintiffs Worldwide  
Directories, S.A. de C.V. and Ideas  
Interactivas, S.A. de C.V.*

**VERIFICATION**

I, CARLOS BAZAN-CANABAL, of full age, hereby verifies to the Court as follows:

1. I am the founder and an officer of Worldwide Directories, S.A. de C.V. and Ideas Interactivas, S.A. de C.V., Plaintiffs in the foregoing Complaint. As such, I am fully familiar with the facts as set forth in this Verified Complaint and authorized to make this Verification. I have read the foregoing Verified Complaint, and state the factual allegations set forth therein are true according to my own knowledge.
2. I certify that the foregoing statement made in the Verified Complaint by me are true, or I have been informed as to those facts not within my personal knowledge, that they are true and correct, and that, based thereon, I believe them to be true.
3. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

  
\_\_\_\_\_  
CARLOS BAZAN-CANABAL

Dated: September 10, 2014

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## General Information

<b>Court</b>	United States District Court for the Southern District of New York; United States District Court for the Southern District of New York
<b>Nature of Suit</b>	Racketeer Influenced and Corrupt Organizations[470]
<b>Docket Number</b>	1:14-cv-07349